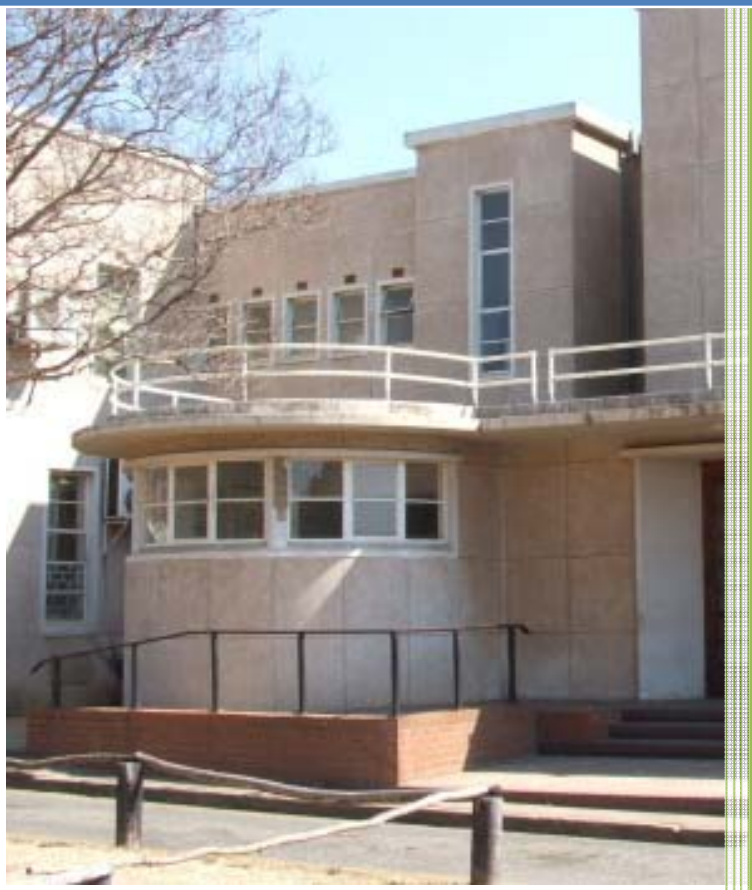
ANNUAL MEDIUM TERM BUDGET



2010/11- 2012/13

Ngwathe MUNICIPALITY

The home of harmony, prosperity and growth

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GLOSSARY OF TERMS AND ACRONYMS

Acronym

Budget Steering Committee : A strategic planning forum aimed at identifying key spending priorities for the municipality
Budget related policies : Policies of a municipality that affect or are affected by the budget.
CAPEX: Capital expenditure, spending on municipal assets such as land, buildings, roads, etc.
CPIX: Consumer price index excluding interest on mortgages
CPI: Consumer price index
GAAP: Generally Accepted Accounting Practice
COGTA: Cooperative Governance and Traditional Affairs
GRAP: Generally Recognised Accounting Practice
FBS: Free basic services
IDP: Integrated Development Plan, a strategic document detailing the City's medium term plan for development.
IGR: Intergovernmental relations
ICT: Information and communication technology
LED: Local economic development
MFMA: Municipal Financial Management Framework, Act 56 of 2003, legislation providing a framework for financial management in local government.
MIG: Municipal Infrastructure Grant
MSA: Municipal Systems Act, Act 32 of 2000.
MTB: Medium Term Budget, a three year financial plan of a municipality.
MTBPS: Medium Term Budget Policy Statement
NT: National Treasury of South Africa
OPEX: Operating expenditure, spending on the day to day operational activities such as salaries and wages, repairs and maintenance, general expenses.
SALGA: South African Local Government Association
SDBIP: Service Delivery and Budget Implementation Plan, a detailed plan containing quarterly performance targets and monthly budget estimates.

LIST OF VOTES

- Office of the Executive Mayor
- Office of the Speaker
- Office of the Municipal Manager
- Financial Services
- Corporate Services
- Community Services
- Town Planning and Development
- Local Economic Development
- Housing
- Libraries
- Cemeteries
- Community hall and centres
- Parks
- Sports and Recreation
- Swimming Pools
- Holiday Resorts
- Refuse Removal
- Traffic
- Emergency Services
- Technical Services
- Roads and Storm-water
- Water Network and Purification
- Sewerage Network and Purification
- Electricity

PURPOSE

The main strategic outcomes of the budget are to ensure:

- Modernizing financial management and improving accountability.
- Compilation of three year budgets.
- Deepening and improving the budget preparation process, by involving the political leadership and community.
- Ensuring that the IDP and Budget are linked, and that the IDP takes account of budgetary resources, and contain proper capital and operational plans.
- Improving the in-year implementation of the budget.
- Improving the audit and performance reporting after the financial year has ended.

The purpose of this document is to submit the 2010/11 medium-term budget (MTB) consideration by Council and community consultation of on the proposed tariff increases, projects and service delivery programmes.

The budget was compiled within the framework of the MFMA, Circular No 51 of the National Treasury and the New Municipal Budget Regulations.

Circular No 51 provides instructions, guidance and information on crucial issues that municipalities need to consider when preparing their 2010-11 budgets.

These issues include; efficient and effective public services, municipalities' role in employment creation, procurement reforms and fighting corruption, headline inflation forecasts, revising rates, tariffs and other charges, Eskom bulk tariff increases, water tariffs, implementation of the Municipal Property Rates Act, verification of existing municipal, funding choices and management issues, etc.

On 17 April 2009 the Minister of Finance gazetted new Municipal Budgeting and Reporting Regulations on Government Notice no 393 of 2009. Final budget schedules and related formats were issued by the National Treasury in November 2009.

Ngwathe Local Municipality is required to fully comply with the budget regulations as from 01 July 2010, that is, full compliance when the final budget is tabled in May 2010.

PART 1

CHAPTER1: EXECUTIVE SUMMARY

CHAPTER1: EXECUTIVE SUMMARY

The municipality's projected overall spending envelope for the 2010/11 budget amounts to R421 million. Approximately R354 million will be spent in the operating budget and R67.6 million will be invested in capital infrastructure.

Ngwathe Municipality's 2010/11 MTB was guided by the following principles:

- Producing a balanced and funded budget;
- Maintaining the commitment to deliver quality and sustainable services;
- Introduction of cost cutting measures and reprioritization of resources;
- Exploring new options for various funding sources including finance leases;
- Reviewing all municipal services and programmes and consider ring fencing key services to ensure efficiency and effectiveness;
- Ensuring that administrative and non-service areas (administrative and
- areas;
- Ongoing costs should be funded with ongoing revenues by aligning continuing expenditures with continuing revenues, on a level that can be reasonably sustained and reduce reliance on one-time funding;
- Further managing down general expenditure and contracted services. The choice of a service provider should be based on which service provider can provide the service most effectively at the lowest cost; and
- Monitoring of Eskom account by checking and verifying consumption
- Scaling down o fuel and maintenance costs of vehicles
- Maintaining all assets at a level adequate to protect the capital investment and minimise future maintenance and replacement costs.

- The municipality has developed Municipal Turn Around Strategy in partnership with COGTA and is accompanied by financial recovery plan with clear and achievable milestones and will continue to implement cost reduction, mainly by scrutinising discretionary items, not limited to the following:
- Scaling down the cost of consulting services and to ensure that they build capacity;
- Providing sections and units with one telephone and usage of recent technology to monitor usage of telephone.
- Payment of creditors on time so that no late charges and interest are incurred;
- Managing and monitoring of overtime by supervisors and management;

- Monitoring of ICT costs (no new laptops, computers, printers, etc);
- Holding conferences, meetings, workshops and seminars in the municipal premises;
- Renegotiating best market prices;
- Limiting purchasing of furniture; and
- Limiting office renovations.

Despite the challenges the municipality faces resultant of faulty and bridged meters, and theft of electricity, the municipality achieved a substantial progress with regard to service delivery.
Through MIG grants financed by COGTA and Operation Hlasela Projects financed by Free State Provincial Government, the municipality aims to eliminate backlogs and extend access to water and sanitation services to all residents by 2012 and electricity by 2013. The municipality will also improve access roads in all towns within Ngwathe area.

The financial position of the municipality is under tremendous pressure. The Office of the Auditor-General withheld opinion on Ngwathe Municipality's financial statements in 2006/07, 2007/08 and 2008/09 reflecting the lack of supporting documentation, and going concern uncertainties as main challenges. The overall financial performance results for the 2008/09 year reflect an operating surplus of R56 million. The municipality's cash position is expected to decline in the current financial year due to a decline in revenue, but will improve at the end of 2010/11 after implementation of revenue enhancement programmes stipulated in the municipality's revenue collection strategy.

The Integrated Development Plan (IDP) is the primary point of reference for preparing municipal budget.

Our aim is to align the financial resources to the municipality's strategies, priorities, and strategic plans.

The 2010/11 budget continues to address the following key IDP priorities:

- Eradicate social inequalities,
- Address the burning issue of poverty,
- Deliver services (including provision of portable water, electricity, sanitation, refuse removal, roads and storm water),
- Engage issues of urbanisation and informal settlements,
- Fight HIV and AIDS, learner pregnancy, school violence, drug and alcohol abuse
- Ensure urban renewal and regeneration,
- On-going upgrading of our technology in the municipal administration

- As well as growing the economy and job creation

The IDP takes cognisance of the national, provincial and district priorities. In terms of IGR, the municipality has been involved in engagements, such as DCF, Municipal Turn Around Strategy, and Free State Premier's Operation Hlasela.

In response to the Municipal Property Rates Act, the municipality introduced a new valuation roll, reflecting the market value of properties from 01 July 2009. This includes the improvements that have been made on properties, not just the value of the land.

The General Valuation Roll at January 2009 had **39244** properties, with a market value of **R18 billion**.

The municipality revised its Indigent Policy to further enhance access to its services by households. The revised policy aims at extending the coverage of subsidies to those who are in need, without necessarily burdening the municipality's fiscus.



CHAPTER 2: THE BUDGET

CHAPTER 2: THE BUDGET

Ngwathe Municipality's projected overall spending envelope for the 2010/11 MTB amounts to R1,3 billion (total for the next three financial years). Approximately 1,1 billion will be spent in the operating budget and R67.6million will be invested in capital infrastructure over the medium term period.

Total budget for 2010/11, 2011/12 and 2012/13 equal R421 million, R458 million and R521 million respectively.

Operating budget

Ngwathe Local Municipality presents an Operating Revenue Budget of R359 million and Operating Expenditure Budget totalling R354 million for the 2010/11 financial year. This estimate represents an increase of 16% and 13% on revenue and expenditure respectively over the 2009/10 financial year.

The table below set out the medium-term revenue and expenditure budget for the 2010/11 to 2012/13 period.

Details	2009/10 Budget (R)	2010/11 Budget (R)	%	2011/12 Budget (R)	2012/13 Budget (R)
Operating Revenue					
Service Charges	210 557 222	221 301 822	**5%**	253 985 730	295 975 777
Operating Grants	103 724 000	127 766 000	**23%**	144 219 000	158 812 000
Other Revenue	10 351 947	10 061 954	**-3%**	9 676 582	10 247 501
Total Operating Revenue	**324 633 169**	**359 129 777**	**11%**	**407 881 312**	**465 035 278**
Operating Expenditure					
Total Operating Expenditure	**304 350 967**	**354 039 002**	**16%**	**381 804 227**	**425 490 257**
Surplus	**20 282 202**	**5 090 775**	**-75%**	**26 077 085**	**39 545 021**

The municipality is projecting a surplus (before capital grants received) of R5 million for 2010/11. The surplus will be applied towards the capital infrastructure investment.

Revenue

The increase of 11% in revenue is mainly as a result of the 24,8% increase in electricity revenue, and 6% increase in water revenue, property rates, sanitation charges and refuse removal . Operating grants include the equitable share (R126,7 million). The Financial Management Grant amounts R1 million for the purpose of capacity building and budget reforms.

Tariffs

The intention of the Municipality is to provide the best services and address all the challenges facing services delivery. The tariff charge is affected by a variety of external factors such as inflation, to an extent by some national government policy decisions, certain international factors as well as the employment and affordability demographics of the Ngwathe's residents.

Ngwathe Municipality has budgeted for average tariff increases of 12% , 6% for domestic refuse removal, 24,8% for electricity charges (the actual increase will be adjusted based on NER approval and Eskom increases), and 6% for sanitation and water. Other minor tariffs will also be increased by 6%.

The municipality has implemented the Municipal Property Rates Act and valuation on properties within Ngwathe from 01 July 2009 and **Property Rates tariffs** will also be increased by 6% and will be as follows for the 2010-11 budget year;

- for residential, businesses, agriculture and government will be kept at **0.00848**; **0.0159**;**0.00848**, and **0.0212** respectively.
- First **R42 000** of the market value on **residential** properties and **75%** of the market value on agriculture and public infrastructure services will be exempted.
- A **maximum of 10%** reduction will be given (upon submission and approval of the application) to businesses, and privately owned towns services by the owner.

Tariff increases are discussed in separate reports.

Expenditure

The increase of 15% in expenditure is mainly as a result of the anticipated salary increases of 11%, and bulk purchases (24,8% on Eskom and 14% on Rand Water tariffs). The costs of borrowing will increase as the municipality is

in the process of financing heavy equipment and other service delivery machinery and vehicles.

Number of indigent households that qualifies for the subsidy are expected to increase from 15000 in 2009/10 to 17000 in 2010/11 budget year.

Additional R4 million will be spent on replacement of faulty and bridged meters.

In order to accommodate the increases in salaries, bulk purchase and cost of borrowing, it meant that all other expenditure will increase at a reduced rate or maintained at the current levels.

2010/11 budget has been prepared on the basis of limited resources, however it is acknowledged that the municipality still needs to fund programmes and continue to invest in its infrastructure to ensure that service delivery is maintained and remain responsive to the community's needs.

Capital budget

The total estimated capital budget for the 2010/11 financial year amounts to R67.6 million. This represents a decrease of R2,4 million, which represents 3% decline from the 2009/10 revised budget.

The main reason for the slight decrease, is the increase grants from government of R20m, and the R12 million that was withheld for the 2008-09 financial year was released for upgrading and refurbishment of sewer treatment works in Parys, Koppies and Heilbron.

Approximately R5 million will be funded from Ngwathe Municipality's own funds and R62.5 million from grants (MIG - R34 million, DME-R7 million, MSIG – R1 million and R 20 million from Provincial Govt).

The proposed capital budget projects spending plans of approximately R225 million over the next three-year period.

The table below reflects the medium-term capital budget over the next three years.

Funding Source	2009/10 Budget (R)	2010/11 Budget (R)	%	2011/12 Budget (R)	2012/13 Budget (R)
Surplus Cash	20 282 202	5 090 775	**-75%**	26 077 085	39 545 021
Grants	49 835 000	62 573 000	**26%**	50 582 000	56 360 000
Total	**70 117 202**	**67 663 775**	**-3%**	**76 659 085**	**95 905 021**

The 2010/10 capital budget will focus on the following:

- Construction of Access Roads in Parys (Tumahole), Heilbron (Phiritona), Vredefort (Mokwallo), Koppies (Kwakwatsi) and Edenville Ngwathe allocation for 2010-11 amounts to R10 million and additional R31 million will be made available for the 2011/12 and 2012/13 financial years.
- R5 million allocated for Phase three of the Parys Water Purification Plant refurbishment project

- Upgrading of Parys Sewer Treatment Plant has been allocated R5 million for the 2010/11 budget and extra R31 million in two outer years.
- Heilbron – Eradication of 857 buckets – R13,8 million for the MTB period and R5 million for 2010/11.
- R5 million allocated for Upgrading of Heilbron Sewer Treatment Plant in 2010/11 and additional R11 million in the two outer years.
- Parys - Upgrading of Water Pumps, and Pipeline – R2,8 million.
- Electrification in all towns within Ngwathe – R7 million in the 2010/11 budget year.
- R2 million allocated for compilation of Infrastructure Asset Register for the MTB period.
- Building and refurbishment of 5 Taxi Ranks within Ngwathe – R700 000 allocated in the 2010/11 budget year.
- R1,5 million allocated for Information Technology equipment and related hardware and softwares
- R1,9 million allocated for fencing of Landfill sites during the MTB period.
- Acquisition of OC Machines budgeted at R438 000 during the 2010/11.
- Acquisition of fixed speed cameras in Parys and Heilbron valued at R1,1 million.
- Purchasing of two Refutips for refuse removal in Vredefort and Koppies
- Two Compactor Trucks for Parys and Heilbron will be purchased and R1 million has been allocated.
- Purchasing of two tractors for cleaning and maintenance of parks at R525 000 in 2010/11.
- Three tractors for cleaning of cemeteries will be acquired at value of R657 000.
- One Water Tanker will be purchased for delivery of water during drought and will also be used for maintenance of roads
- Edenville Water Pipe Line is allocated R23,5 million for the two outer years.

PART 2

CHAPTER 3: OVERVIEW OF THE ANNUAL BUDGET PROCESS

CHAPTER 3: OVERVIEW OF THE ANNUAL BUDGET PROCESS

In terms of the Section 24 of the MFMA, Council must at least 30 days before the start of the financial year consider approval of the annual budget. The MFMA aims to put in place a sound financial framework and sets out timelines for budget preparations and approval.

The budget process for 2010/11 commenced with the strategic planning session that was held on 19 to 21 February 2010.

The session undertook a strategic assessment of both financial and non-financial past performance of the municipality and development of the financial recovery plan.

IDP consultation and public hearings were held in all 19 wards of Ngwathe Municipality from February to March 2010.

Draft MTB estimates for the 2009-10 were determined and issued to all departments to prepare their draft budgets in line with the allocations on 18 February 2010. Budget Workshop was held on 03rd and 05th of March to consider inputs of all user departments and various units within the municipality.

The Medium Term Budget, outlining the projected budget parameters and spending levels for the 2010/11 budgeting cycle, was presented at Steering Committee Meeting held on 19 March 2010.

The draft MTB was tabled at a Council meeting to be held on 30 March 2010.

Subsequent to the tabling, the draft budget and proposed tariffs will be published for stakeholders and public comments during April and May 2010. Advertisements will be placed in local and provincial newspapers, and the draft budget and tariff reports will be made available on the municipality's website and all municipal offices (Parys, Heibron, Vredefort, Koppies and Edenville) as well as all llibraries within Ngwathe municipal area.

As per legislative requirements, the draft budget and tariffs will be submitted to Provincial and National Treasury for comments. Public participation will be open for 30 days.

The table below outlines the timelines for the overall process of Budget, Tariffs and IDP.

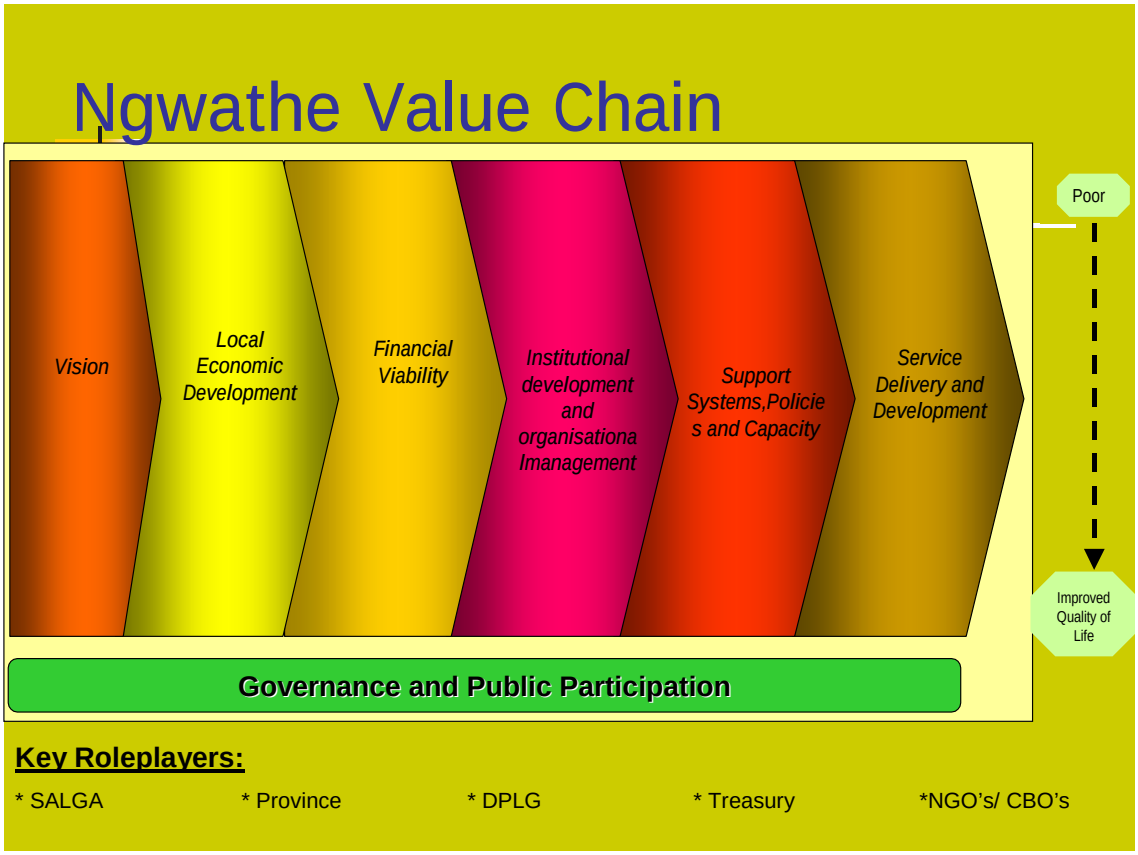
Budget Process	Timeframe
IDP & Budget Process Schedule Preparation	September 2009
Table Process Schedule in Council	21 December 2009
Steering Committee Establishment	January 2010
First External Consultation Process (Informal	February 2010
Issuing of final indicatives by Budget Office	18 February 2010
Submission of final draft tariffs, budgets and inputs to Budget Office	05 March 2010
Presentation of draft budget, tariffs, reviewed policies and reviewed IDP to BSC	24 March 2010
Tabling of draft budget, tariffs and IDP reports to Finance and Budget Committee	25 March 2010
Tabling of the draft budget, tariffs and IDP at Council	30 March 2010
Public participation on the tabled budget, tariffs and IDP	April 2010
Approval of final IDP and Budget by Finance and Budget Committee	19 May 2010
Approval of final IDP and Budget by Executive Committee	25 May 2010
Council approval of final Budget and IDP	31 May 2010
Approval of Business Plans, SDBIP and Section 57 Managers performance agreements	18 June 2010
Tariffs and by-laws promulgated in Provincial Government Gazette	June 2010



CHAPTER 4:
OVERVIEW OF ALIGNMENT OF THE ANNUAL BUDGET

CHAPTER 4: OVERVIEW OF ALIGNMENT OF THE ANNUAL BUDGET WITH THE IDP

The municipality's IDP contains the medium-term focus areas for development. These focus areas set the agenda for resource planning and allocation over the medium term.



Council has set the following priorities:

- A safe, clean and green municipality;
- A well-governed and managed municipality;
- Housing and services; and
- Economic growth and job creation.
- Deliver more and better services in a caring and efficient manner;
- Hold political office bearers and public servants accountable;
- Shift resources to new priorities;
- Move from debate to effective implementation and decisive action; and
- Work in partnership with communities, labour and business to achieve our shared objectives.

The 2010/11 budget continues to address the following IDP interventions:

Local Economic Development

- A budget of **R5 million** from own funding plus **R7 million** from Sasol Mining and De Beers has been allocated for L.E.D projects and relevant strategies within the municipality. Workshops have also been planned for SMMEs. The municipality is currently implementing EPWP on **road construction projects** in all 5 towns and **R33 million** has been spent in the 2009-10 financial year, and an additional allocation of **R40** million has been made available **for 2010-11** budget year. The municipality is also in a process of building a stadium worth R99 million, whereby local sub-contractors and labour are utilized.
- The municipality has adopted a Local Economic Development Strategy which is aimed at exploiting all possible potential economic activities within Ngwathe Municipal area, that are to enhance economic growth and attract new investments while retaining the existing.

- **R7 000 000** sourced from external funders (Sasol Mining and De Beers Mining) to support a Printing, Brick making , Food Processing plants and an Organic Vegetable Production unit in Parys, Edenville, and Koppies respectively. These are all youth targeted projects initiated from the office of the Mayor.

- **R500 000** has been allocated under Mayoral projects to empower the elderly by building, in Edenville Phehellang Bakery and this project is funded by Social Development. Municipality is funding the construction of a building which is in process.

- Donated the use of land to a group of 10 youth to produce vegetables hydroponically in Parys. This project is funded by the Department of Agriculture (Free State) **(R500 000)**

- Generated an SMME database throughout the Municipality in order to establish the SMME business capacity within the Municipality.

- Through the assistance of DETEA (Free State) Ngwathe has conducted an audit of its game in its game reserves located at Heilbron and Koppies in an endeavour to establishing the tourism potential in this field.

- Sourced **R1 000 000** for the establishment of a Juice factory in Parys. This is a youth project funded by Social Development (Free State) through Operation Hlasela. First trench of **R500 000** transferred to the Municipal account.

- Sourced **R400 000** for the erection of 8 youth driven car washes throughout the Municipality (3x Parys, 2x Heilbron and 1 each at Koppies, Edenville and Vredefort. These projects are funded by both DETEA and Social Development at **R250 000** and **R150 000** respectively.

- Department of Public Works and Rural Development donated a building (old school hostel) which is intended to be converted into a small business hub in Edenville. Municipality to provide/source **R1 000 000** towards its renovation.

- Through the assistance of DETEA (Free State) 10 youth (4 x Parys, 4 x Vredefort and 1 each from Koppies and Heilbron were trained as Tourist Guides as a means to tourism promotion in the Municipality.

- Donated the use of land to a group of emerging farmers towards an establishment of an Auction Pen in Vredefort. The project is funded by the Department of Agriculture (Free State) at **R870 000.**

- The LED Department has managed to establish business relations with Chemcity, mining houses operating within the municipality towards enhancing its economic development capacity.

In the 2010/11 financial year, Ngwathe Municipality intends to:

- Implement its LED Strategy effectively in the 2010/11 financial years, through initiating ward based projects throughout the Municipality.

- Exploit all possibilities to source funds from Development Finance Institutions such as DTI, NDA and big business on behalf of promising SMMEs in the Municipality.

- Consciously encourage PDIs within the Municipality to participate in tourism ventures a sector presently exploited by whites.

- Build enough institutional capacity to establish effective Tourism, Agriculture and LED forums.

- Insist on encouraging the Municipality to register all its infrastructure development projects with EPWP from which general public can

participate, learn while also building enough capacity to create new entrepreneurs.

- Request assistance from institutions such as CIDB, NHBRC and SEDA to train emerging contractors in construction and facilitate their accreditation.
- Develop an Investment Incentive Scheme/Policy so as to attract new investment in the Municipality.
- Develop a Marketing Strategy aimed at marketing the municipality as a place to live and invest in.

Infrastructure and Service delivery

This KPA is performed through Technical Services and Community Services Directorates including Administrative Units. The municipality renders the following basic services to the residents in the urban areas; Water Provision; Sewerage Disposal; Refuse Removal and Electricity Provision. Other services rendered by the municipality to residents, include; Streets and Storm Water , Parks, Sports and Recreational Facilities; Cemeteries, Libraries, Primary Health Care, Fire Fighting Services, Traffic Control Housing and Town Planning. The main challenges remain eradication of the bucket system, bulk water supply to Edenville, development of parks, refuse removal, road maintenance and the finalisation of the town planning scheme.

Households with access to the following services in Ngwathe as compared to the Free State Province (ranking 4 nationally) is depicted in the table below;

	Free State	Ngwathe	Backlog
Electricity	86,6%	79,7%	20,3%
Piped water	97,5%	99%	1%
Full or intermediate sanitation	69,4%	77,8%	22,2%
Refuse removal Services	76,1%	85,8%	14,2%
Households in informal dwellings	Undetermined	78,4%	21,6%

Ngwathe Municipality Water, Sanitation, Electricity, Sports Facilities and Roads **Infrastructure Budget** for 2010/11 amounts to **R41,5 million** plus **R22,8 million** budgeted for repairs and **maintenance of infrastructure**.

The following infrastructure development projects are being implemented;

Water Provision

- Construction of reservoir, drilling of boreholes and pipeline for R5,6 million in Edenville.
- Erection of concrete palicate fencing of Vredefort Water Purification Plant to the value of R500 000.
- Refurbishment of mechanical and electrical work together with civil work at Parys Water Purification Plant – R5 million
- Upgrading of lines and construction of reservoir in Tumahole- Parys – R3 million

Roads and Storm-water

- Paving of 8,7 km (2,9 km per town) roads in Edenville, Vredefort and Koppies for the value of R25,2 million
- Paving of Heilbron roads (6 km)n to the value of R18 million
- Paving of Parys access roads in Tumahole valued at R35 million

Sanitation

- Construction of concrete palisade fence at the Vredefort Sewer Plant – R850 000
- Refurbishment of mechanical and electrical equipments , stand-by generator and Fencing of Sewer plant in Koppies – R3,6 million
- Refurbishment of mechanical and electrical work together with civil work of Sewer Plant in Heilbron – R3,5 million
- Bucket eradication (600 units) in Phiritona – Heilbron valued at R11 million

- Upgrading of 2,1 km sewer line in Heilbron – R3 million

Electricity

- Connection of electricity at 567 households in Winnie Mandela section (Parys) valued at R3,1 million
- Connection of electricity at 276 households in Extension 9 –Phiritona (Heilbron) – R1,5 million
- R4 million has been allocated for transferring of electricity from shacks to RDP houses and purchasing of pre-paid meter boxes within Ngwathe.

Community and Social Services

- Construction of 590 square meters Library in Ngwathe – Edenville valued
- Construction of Relebohile Clinic in Phiritona – Heilbron – R8,5 million
- Construction of Methodist Church in Africa (Tumahole - Parys) – R500 00
- Construction of Rea Hodisa Crèche in Parys – Tumahole – R500 000

Sports, Recreation, Arts and Culture

- Construction of 15 000 seat Fezile Dabi Stadium in Tumahole (Parys) – R99 Million
- **R2,3 million** has been allocated for celebration of all special days, sports and recreation, cultural diversity and moral regeneration programmes whereby all the citizens of Ngwathe Municipality and other stakeholders will take part.

Housing

Towns	Backlog	Allocations past 3 years
Parys	4 262	3250
Vredefort	1 321	1850
Koppies	2 093	1650
Heilbron	1 815	2350
Edenville	1 325	1390
Total	**10 816**	**10 490**

- Due to the above information, it is clear that Ngwathe Municipality will never eradicate the backlog in housing at the rate allocations is made to the housing backlog.
- It is necessary to get 4150 houses per year for the next three years to eradicate the backlog in housing in Ngwathe municipality.
- It was also highlighted during IDP consultation processes by the community members that there are too many incomplete RDP houses, and some of these houses are approved but not built. Furthermore, some of the built RDP houses are in a poor state.
- Ngwathe Municipality has implemented Township Revitalization Programme through Operation Hlasela Project. 100 RDP houses has been allocated in Parys to the valued of R6,4 million.

Free Basic Services

- The Municipality anticipates to spend approximately **R47 million** on its social package, which covers free basic electricity , refuse removal, sanitation, free basic water and the property rates rebates in the 2010-11 financial year.
- All households in the Municipality are entitled to 6 kilolitres of free water per month and 50-kilowatt ph of free electricity to indigent households and 15 kw to non-indigents.

Poverty Alleviation

- **R1 million** has been budgeted for social security and poverty alleviation programmes.

Skills Development and Training

- The municipality is currently conducting **learnership programmes and R1 million** is allocated for 2010-11 financial year.

- **Bursarie**s have been budgeted at **R1,2 million**, whereby learners and students are financed to further their studies. Office of the Premier has already created a database and 50 learners have been identified for Ngwathe Local Municipality and additional R2,6 million have been allocated for the two outer year of the MTB.
- **R2,1 million** has been allocated for **skills development** within the municipality to address inequalities of the past (For both Councilors and Employees).

Crime Prevention and Public Safety

- The municipality has allocated **R10,8 million** on **Public Safety** budget, and include filing of vacant traffic officers positions and buy additional traffic vehicles for law enforcement, and purchasing of equipment for fire brigade services.

 eNatis system and speed cameras will be procured to monitor and enforce compliance to legislation by the public.

Rural Development

- The municipality is giving **extra 10% rebate** on agriculture properties, where the employer makes all basic services (**Housing, portable water, acceptable sanitation and electricity**) available to the workers and where schools are also available.

- The municipality is also in a process of making available land for commonages.

- A total of **R300 000** has been allocated in the 2010/11 financial year for rural development projects including building of four RDPs for farm workers.

CHAPTER 5: MEASURABLE PERFORMANCE OBJECTIVES AND INDICATORS

Refer to the IDP for measurable performance objectives

CHAPTER 6: OVERVIEW OF BUDGET-RELATED POLICIES

Budgeting is central to the process of prioritising for service delivery and the management of the functions of Council.

The municipality's budgeting process is guided and governed by relevant legislation and budget related polices.

The following are the key policies that affect or are affected by the annual budget:

All the revenue related by-laws are currently being compiled in conjunction with COGTA and will be finalized by end of June 2010.

The following policies were reviewed;

- Credit control and debt collection policy
- Indigent Policy
- Property Rates policy
- Tariffs Policy
- Banking and Investment Policy
- Supply Chain Management Policy
- Budget Policy
- Transfers and Veriments Policy
- Subsistence and Travelling Policy
- Asset Management and Replacement Policy
- Credit Card Policy
- Cellphone Policy
- Risk Management Policy
- Fruitless and Wasteful Expenditure
- Funding and Reserves
- Borrowings Policy

- Accounting Journal entries
- Bad Debts policy

Credit Control and Debt Collection Policy

- Credit Control will be strictly implemented on non-indigents
- Councilors and ward committees will assist in encouraging consumers to pay for services.
- One debt collection official will deal with collection of revenue and outstanding monies from National and Provincial Departments, as well as administration of indigent consumers.
- A database containing all civil servants will be established
- All Municipal employees and Councilors will be encouraged to sign stop orders.
- Electricity will be barred for defaulters

Indigent Policy

Categories:

***Category A*: Full Subsidy**

Households with monthly income between (R0- R 1010) per month (in 2009-10) increases to threshold of (R0- R 1080) per month (in 2010-11)-

Category B: R160

Households with monthly income between (R1011- R 1700) per month (in 2009-10) increases to threshold of (R1081- R 1800) per month (in 2010-11)-

Verification will be done once a year.

Refer to **Annexure 1** for detailed policies.

CHAPTER 7: OVERVIEW OF BUDGET ASSUMPTIONS

Budget assumptions provide a comprehensive summary of all assumption made in preparing the budget proposals. Macro and micro economic matters, internal and external factors are taken into consideration.

The 2010/11 – 2012/13 Medium Term Budget has been prepared within a highly volatile and highly uncertain economic environment, making the budgeting process even more challenging.

Division of Revenue Act

The Division of Revenue Bill for 2010/2011 was utilized to determine the Equitable Share, Councilors remuneration subsidy, Financial Management Grant, Municipal Systems Improvement Grant, and Municipal Infrastructure Grant and National Electrification Programme Grant.

Average Salary increases

SALGBC collective agreement on remuneration of employees stipulate that salaries for 2010-11 financial year will be increased by CPIX (**6,2%)** plus **1,5%.** Thus salaries, allowances and employee benefits were increased by **7,7%.**

Price movements on bulk purchases and other expenses

- Bulk water purchases were raised by **14%** as per guidelines issued by Rand Water.
- Bulk electricity purchases were increased by **24,8%** according to Eskom guidelines as approved by NERSA on 24 February 2010.
- Repairs and Maintenance, General expenses and Capital Expenditure were budgeted based on inputs from all departments within the municipality.

Inflation

According to MFMA circular no 51 issued by the National Treasury, inflation rate is expected to stay between 3 to 6 percent. Consumer price index for 2010/11, 2011/12 and 2012/13 is announced at 5,6%, 6% and 6% respectively.

Indigent Registration and Approval

The main challenge facing Ngwathe municipality is verification of indigents, currently the number of registered indigents is estimated at 15 600 and this figure could increase to 17 000 in the 2010/11 financial year.

Supply of Free basic Services

The increase in the number of indigents in the municipal area will mean that additional amount to be spent on indigent subsidies and write-offs. Thus, Ngwathe Municipality will **ONLY** provide free basic electricity (55kw/h) to the indigents.

6kl free basic water continues to be provided to all households

Collection rates for main revenue sources

Collection rate of the current year budget levies is estimated at 78%, the allocation of these receipts depend on priority according to the tariff policy. The municipality have budgeted more money on addressing infrastructure maintenance backlogs including replacement of faulty electricity and water meters. Most of the prepaid meters were also bridged and meters will be installed. Electricity consumption monitoring systems will also be introduced enhance revenue collection from 78% to 90% in the 2010/11 financial year.

CHAPTER 8: OVERVIEW OF BUDGET FUNDING

Review of past performance

Operating expenditure

The overall financial performance results for the 2008/09 financial year reflect an operating surplus of R11,5 million.

A summarised extract of the statement of financial performance is as follows:

Details	2008/9 Budget	2008/09 Actual
Operating Revenue		
Service Charges	176 563 156	160 614 549
Operating Grants	80 769 303	80 077 377
Other Revenue	5 700 531	12 337 779
Total Operating Revenue	**263 032 990**	**253 029 706**
Operating Expenditure		
Total Operating Expenditure	**248 636 890**	**241 496 669**
Surplus	**14 396 100**	**11 533 037**

Revenue is lower than the budget by an amount of R10 million (3,8%) and expenditure was lower than the budget by R7,1 million (2,9%).

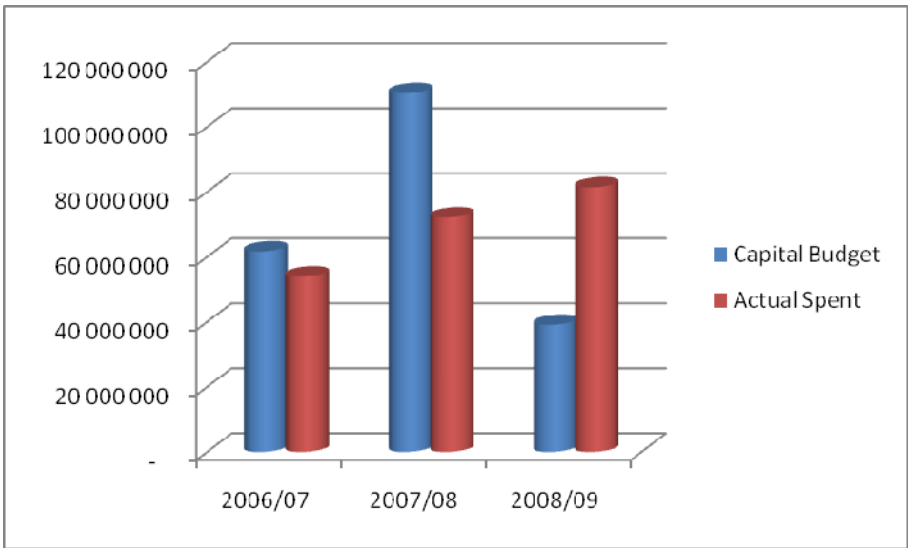
Collection of service charges was only R160,6 million as compared to budgeted revenue of R176,5 million and this could be attributed to theft of electricity, bridged prepaid meters, faulty conventional electricity and water meters as well as the impact of global economic crises towards the end of the 2008/09 financial year. The number of indigents increased during the year and this resulted in loss of revenue that could have been collected.

Expenditure pattern were also affected by global economic crises and increase in the fuel prices and other service delivery materials also affected the operating budget negatively.

Capital expenditure

The table and graph below demonstrates the municipality's capital spending against the budget over the last three financial years

Description	2006/07	2007/08	2008/09
Capital Budget	61 667 791	110 364 531	39 076 100
Actual Spent	53 937 000	72 121 310	81 390 070



Budget funding overview

The medium-term budget represents a detailed three-year operating and capital budget that enables the municipality to meet its operational and strategic objectives for the three years and in the outer years.

Funding sources

The table below reflects the projected capital per funding source for the next three years

Funding Source	2009/10 Budget (R)	2010/11 Budget (R)	%	2011/12 Budget (R)	2012/13 Budget (R)
Surplus Cash	20 282 202	5 090 775	**-75%**	26 077 085	39 545 021
Grants	49 835 000	62 573 000	**26%**	50 582 000	56 360 000
Total	**70 117 202**	**65 909 389**	**-3%**	**76 659 085**	**95 905 021**

Measures of financial performance

- Current ratio shall be around 2.6 in the 2010/11 financial year.
- Interest as a percentage of operating expenditure will be around 2.9%.
- Salaries to operating not to be more than 32%.
- Cost coverage ratio should cover at least one month.

The municipality will increase tariffs for its services and taxes as follows for 2010/11;

Service	% Increase
Electricity	24,8%
Water	6%
Refuse and Sanitation	6%
Property rates	6%

CHAPTER 9: EXPENDITURE ON TRANSFERS AND GRANT PROGRAMME

FS203 Ngwathe - Supporting Table SA19 Expenditure on transfers and grant programme										
Description	Ref	2006/7	2007/8	2008/9	Current Year 2009/10			2010/11 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2010/11	Budget Year +1 2011/12	Budget Year +2 2012/13
EXPENDITURE:	1									
-										
Operating expenditure of Transfers and Grants										
National Government:		52,415	62,422	79,227	103,724	105,978	105,978	128,766	145,219	159,612
Equitable share		52,415	61,188	77,992	101,674	103,928	103,928	126,766	142,969	157,312
Finance Management			500	500	750	750	750	1,000	1,250	1,500
Municipal Systems Improvement			734	735	1,300	1,300	1,300	1,000	1,000	800
Restructuring										
Other grant providers:		–	500	–	–	–	–	–	–	–
Drought Relief Programme			500							
Total operating expenditure of Transfers and Grants:		52,415	62,922	79,227	103,724	105,978	105,978	128,766	145,219	159,612
Capital expenditure of Transfers and Grants										
National Government:		22,894	55,249	6,904	36,063	48,616	48,616	41,573	49,582	55,560
Municipal Infrastructure (MIG)		22,894	53,361	6,904	29,693	42,246	42,246	34,573	41,582	50,560
Other capital transfers/grants [insert desc]		–	1,888	–	6,370	6,370	6,370	7,000	8,000	5,000
Provincial Government:		–	–	–	–	–	–	20,000	–	–
Other capital transfers/grants [insert description]								20,000		
Total capital expenditure of Transfers and Grants		22,894	55,249	6,904	36,063	48,616	48,616	61,573	49,582	55,560
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS		75,309	118,171	86,131	139,787	154,594	154,594	190,339	194,801	215,172
References										
1. Expenditure must be separately listed for each transfer or grant received or recognised										

CHAPTER 10: COUNCILLOR ALLOWANCES AND EMPLOYEE BENEFITS

FS203 Ngwathe - Supporting Table SA22 Summary councillor and staff benefits										
Summary of Employee and Councillor remuneration	Ref	2006/7	2007/8	2008/9	Current Year 2009/10			2010/11 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2010/11	Budget Year +1 2011/12	Budget Year +2 2012/13
-	1	A	B	C	D	E	F	G	H	I
Councillors (Political Office Bearers plus Other)										
Salary		7,062	5,926	7,958	5,026	5,026	5,026	5,454	5,749	6,088
Pension Contributions		451	409	535	309	309	309	327	354	375
Medical Aid Contributions		43	50	62	717	717	717	758	821	869
Motor vehicle allowance		1,379	1,564		1,222	1,222	1,222	1,296	1,397	1,480
Cell phone allowance		317	356		284	284	284	303	325	344
Other benefits or allowances		–	–	–	460	460	460	–	526	557
Sub Total - Councillors		9,252	8,305	8,555	8,019	8,019	8,019	8,139	9,172	9,713
% increase	4		(10.2%)	3.0%	(6.3%)	–	–	1.5%	12.7%	5.9%
Senior Managers of the Municipality	2									
Salary		1,414	1,747	2,223	2,452	2,452	2,452	4,130	4,374	4,632
Pension Contributions		–	–	–	18	18	18	19	20	21
Medical Aid Contributions		–	–	–	–	–	–	–	–	–
Motor vehicle allowance		819	341	780	1,030	1,030	1,030	1,089	1,156	1,224
Other benefits or allowances		107	39	65	1,010	1,010	1,068	1,134	1,201	1,275
In-kind benefits		–	–	–	–	–	–	–	–	–
Sub Total - Senior Managers of Municipality		2,340	2,127	3,067	4,510	4,510	4,568	6,371	6,751	7,153
% increase	4		(9.1%)	44.2%	47.0%	–	1.3%	39.5%	6.0%	6.0%
Other Municipal Staff										
Basic Salaries and Wages		38,166	42,126	48,707	59,534	59,534	59,534	74,693	75,410	80,086
Pension Contributions		9,415	10,802	8,029	8,829	8,829	8,829	9,508	10,098	10,694
Medical Aid Contributions		3,638	4,053	2,928	3,357	3,357	3,357	3,615	3,839	4,066
Motor vehicle allowance		1,286	2,810	3,933	4,572	4,572	4,572	4,924	5,229	5,537
Housing allowance		189	299	313	845	845	845	910	967	1,024
Overtime		1,895	2,528	4,354	2,429	2,429	2,429	2,616	2,778	2,942
Other benefits or allowances		115	709	773	6,465	6,465	6,465	6,963	7,395	7,831
Sub Total - Other Municipal Staff		54,703	63,328	69,037	86,030	–	86,030	103,229	105,716	112,179
% increase	4		15.8%	9.0%	24.6%	–	–	20.0%	2.4%	6.1%
Total Parent Municipality		66,295	73,760	80,659	98,558	–	98,616	117,740	121,638	129,044
			11.3%	9.4%	22.2%	98,558	0.1%	19.4%	3.3%	6.1%
TOTAL SALARY, ALLOWANCES & BENEFITS		66,295	73,760	80,659	98,558	98,558	98,616	117,740	121,638	129,044

% increase	4		11.3%	9.4%	22.2%		0.1%	19.4%	3.3%	6.1%
TOTAL MANAGERS AND STAFF	5	57,043	65,455	72,104	90,540	90,540	90,597	109,601	112,466	119,332

CHAPTER 11: MONTHLY TARGETS FOR REVENUE AND EXPENDITURE

Description	Ref	Budget Year 2010/11												Medium Term Revenue and Expenditure Framework		
R thousand		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2010/11	Budget Year +1 2011/12	Budget Year +2 2012/13
Revenue By Source																
Property rates		5 000	4 000	3 200	2 800	3 000	3 200	2 900	3 100	2 800	2 700	3 200	2 499	38 398	40 779	43 185
Property rates - penalties & collection charges													-	-	-	-
Service charges - electricity revenue		11 500	10 000	9 500	8 000	7 200	9 000	7 000	6 800	7 200	9 500	9 800	11 833	107 333	135 024	169 996
Service charges - water revenue		2 600	1 750	1 400	1 120	2 700	4 800	1 100	2 499	2 940	2 150	2 387	2 283	27 729	29 448	31 186
Service charges - sanitation revenue		3 949	2 949	1 949	1 800	1 950	2 000	1 500	1 600	1 500	1 400	1 500	1 288	23 384	24 834	26 299
Service charges - refuse revenue		3 000	2 000	1 732	1 600	1 650	1 780	1 500	1 600	1 500	1 499	1 450	1 430	20 742	22 028	23 327
Service charges - other		103	152	204	454	225	221	613	213	284	286	261	698	3 716	1 872	1 983
Rental of facilities and equipment		300	200	188	178	180	188	178	180	160	150	161	190	2 252	2 392	2 533
Interest earned - external investments		99	94	84	73	63	73	62	71	62	61	74	189	1 002	55	58
Interest earned - outstanding debtors		416	316	216	116	206	216	117	215	116	115	226	315	2 589	2 750	2 912
Dividends received		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines		81	71	62	58	64	60	40	59	60	61	62	61	738	783	830
Licences and permits		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Agency services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers recognised - operational		53 819	-	-	-	42 255	-	-		31 692	-	-	-	127 766	144 219	158 812
Other revenue		60	107	183	486	208	205	583	197	261	272	160	609	3 331	3 537	3 746
Gains on disposal of PPE		15	14	13	12	13	13	11	12	11	10	12	16	150	159	169
Total Revenue (excluding capital transfers and con		80 941	21 651	18 729	16 695	59 714	21 756	15 604	16 547	49 585	18 205	19 292	21 412	359 130	407 881	465 035

CHAPTER 12: ANNUAL BUDGETS AND SDBIP

A separate Draft SDBIP document will be available by June 2010 after final approval of the budget and IDP.

CHAPTER 13: LEGISLATION COMPLIANCE STATUS

The promulgation of the Municipal Finance Management Act (The Act) has brought in proficiency and control measures to local government in terms of budgeting, monitoring and accounting on public funds. The Act has had a profound effect on local government operations that required transformation in financial discipline and planning processes.

The budget preparation for 2010/11 to 2012/13 complies with most of these key requirements.

The Act has created clear reporting standards for local government that conforms to international standards. In addition to providing for improved reporting by local government, the Act stipulates that new accounting and financial standards must be complied with.

13.1 Purpose and quality of MFMA returns

- **Section 71 Reports**
 - *Purpose – Status of municipal finance position*
 - *Quality – The main challenge relates to reconciliation of accounts and this makes it difficult to provide the information timeously.*
- **Borrowing Monitoring Return Form**
 - *Purpose – Status of municipal long debt*
 - *Quality – Information provided every quarter is based on confirmed balances in the previous year and payment made during the quarter.*
- **Budget Evaluation Checklist (Circular 10)**
 - *Purpose – Progress on compilation of budget*
 - *Quality – Information is adequately provided as and when required.*
- **MFMA 12 Urgent Priorities (Circular 5)**
 - *Purpose – Implementation of MFMA*
 - *Quality – Assessment and evaluation relating to progress made needs to be enhanced.*

- **Corporate Entities (Circular 5)**
 - *Purpose – To monitor* compliance with S178 (2) of the MFMA
 - *Quality – The municipality does not have entities.*
- **PPP's (Circular 5)**
 - *Purpose – To monitor* compliance with S178 (2) of the MFMA
 - *Quality – The municipality did not enter into any PPP's.*

- **Long Term Contracts**
 - *Purpose – To monitor* compliance with S178 (2) of the MFMA
 - *Quality – Information required for this return is provided sufficiently.*

13.2 Internal audit and audit committees

- The municipality has the **internal audit** unit and it comprises of Senior Internal Auditor, and two Audit Clerks.
- Audit committee was appointed by Council in October 2008, and the first meeting was held in December 2008. The two members of the Committee resigned in February 2009 and the municipality has advertised for additional members and will be appointed by 30 June 2010.

13.3 Risk Plans

Council approved risk management policy in 2007/2008 financial year, and risk manager will be appointed in the 2009-10 financial year .

13.4 Implementation of Supply Chain Management

Preferential policy objectives identified to be met through each contract.

- threshold values contained in the SCM Policy aligned with the values stipulated in regulation
- Records are kept for the following;
 - Written or verbal quotations received and awards made.
 - Tenders and all other bids received and awards made.
 - Petty Cash purchases

13.5 Reduction of short-term debt by 25%

The municipality's financial position deteriorated in 2009/2010 and the overdraft is currently standing at R8 million, the municipality's credit control and debt collection policy are currently being reviewed to enhance revenue, faulty meters will also be replaced and reduce overdraft by 30 June 2010.

13.6 Tabling of Section 71 Reports in Council

- Monthly 71 reports are tabled before Finance and Budget Committee, Executive Committee and ultimately to Council.
- These reports are submitted to the Mayor and Provincial Treasury every month.
- There were challenges relating to timeous completion of section 71 reports due to lack capacity, however, this will be improved in the

2010/11 and the service provider will be engaged to update the financial management system with the new in-year reporting formats.

13.7 Treasury Guidelines (Gazzete dated 9 April 2001)

- Treasury Guidelines relating to financial management, and budget preparation & implementation are adhered to and this has been included in the budget policy.

13.8 Delegation of responsibility from executive authority to head of departments

- Delegation of powers policy was developed in terms of Municipal Systems Act, reviewed to comply with Municipal Finance Management Act and adopted by Council.
- A comprehensive Delegation of powers system has been developed in 2009-10 and will be submitted to Council for approval in May 2010.

13.9 Performance agreements

- Performance agreement was entered into between the Mayor and the Accounting Officer for 2009/10 financial year.
- Performance agreements were developed for 2009/10 financial year, and signed by all Section 57 managers.

13.10 GRAP Implementation

- The municipality has prepared the 2008-09 Annual Financial Statements in line with GRAP.
- Consultants were appointed by Fezile Dabi District Municipality for reviewing and implementing GRAP standards in 2009-10 financial and the annual financial statements will be submitted by 31 August 2010.
- Asset Register for movable assets was **developed in November 2009** and the municipality require funding to acquire fleet management system to monitor usage of municipal assets and valuation of infrastructure assets and MSIG has been allocated for this purpose for the next two financial years.

CHAPTER 14: RESOLUTIONS

1. That in terms of section 24 of the Municipal Finance Management Act, 56 of 2003, the annual budget of the municipality for the financial year 2010/11; and indicative allocations for the two projected outer years 2011/12 and 2012/13; and the multi-year and single year capital appropriations are approved as set-out in the following tables:

1.1 Budgeted Financial Performance (revenue and expenditure by standard classification);
1.2 Budgeted Financial Performance (revenue and expenditure by municipal vote);
1.3 Budgeted Financial Performance (revenue by source and expenditure by type); and
1.4 Multi-year and single year capital appropriations by municipal vote and standard classification and associated funding by source.

2. That the financial position, cash flow, cash-backed reserve/accumulated surplus, asset management and basic service delivery targets are adopted as set-out in the following tables:

2.1 Budgeted Financial Position;
2.2 Budgeted Cash Flows;
2.3 Cash backed reserves and accumulated surplus reconciliation;
2.4 Asset management; and
2.5 Basic service delivery measurement.

3. That in terms of section 24(2)(c)(i) and (ii) of the Municipal Finance Management Act, 56 of 2003 and sections 74 and 75A of the Local Government: Municipal Systems Act, Act 32 of 2000 as amended, the tariffs for the supply of water, electricity, waste services, sanitation services and property rates as set out in Budget Chapter 16 and **Annexures 2, 3, 4, 5,** and **6** respectively that were used to prepare the estimates of revenue by source, are approved with effect from 1 July 2010.

4. That in terms of section 5 of the Municipal Property Rates Act, 6 of 2004, the rates policy (or the amendments to the rates policy) as set out in Budget Chapter 19 and Annexure 1 is approved.
5. That in terms of section 24(2)(c)(iii) of the Municipal Finance Management Act, 56 of 2003, the measurable performance objectives for capital and operating expenditure by vote for each year of the medium term revenue and expenditure framework as set out in Supporting Table SA7 are approved.

6. That in terms of section 24(2)(c)(iv) of the Municipal Finance Management Act, 56 of 2003, the amendments to the integrated development plan as set out in Budget **Chapter 4** are approved.

7. That in terms of section 24(2)(c)(v) of the Municipal Finance Management Act, 56 of 2003, the budget-related policies, including any amendments as set out in Budget **Chapter 6** and **Annexure 1** are approved for the budget year 2010/11.

8. That the Basic Services Package as set out in Budget **Chapter 4** is approved for the budget year 2010/11.

CHAPTER 15: DETAIL BUDGETS PER DEPARTMENT

The detailed annual budget for the financial year 2010/11; and indicative allocations for the two projected outer years 2011/12 and 2012/13; are as set-out in the Tables 1 to Table 10 and related schedules on SA1 to SA 37.

CHAPTER 16: TARIFFS

In terms of section 24(2)(c)(i) and (ii) of the Municipal Finance Management Act, 56 of 2003 and sections 74 and 75A of the Local Government: Municipal Systems Act, Act 32 of 2000 as amended, the tariffs for the supply of water, electricity, waste services, sanitation services and property rates.

Proposed tariffs are as set out in **Annexures 2, 3, 4, 5,** and **6** respectively that were used to prepare the estimates of revenue by source for 2010/11 budget year.